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ORIGIN

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1. Post-war production amounts to only about 60 percent of the 1940 figure. Yugoslavia, thus, now has a smaller balance available for export after meeting internal requirements, than was the case before the war. Post-war exports amount in fact to only 40 percent of total production as compared with 80 percent before the war.
2. The direction of exports has not changed materially since before the war, the trade having been resumed with the country's natural markets, i.e. Czechoslovakia, Hungary, Poland, Rumania, Bulgaria, Russia and Germany. Post-war exports to Germany have so far been restricted to the Russian-occupied zone.
3. The quality of the tanning extract manufactured in Yugoslavia since the war has been considerably lower than that of the pre-war product because of a complete lack of quebracho supplies [] and a shortage of chestnut bark owing to lack of reforestation. Before the war, 60 percent of the raw material used annually by the industry consisted of chestnut bark. The tannin content of the saleable product is approximately 6 1/2 percent.
4. A central selling agency for the products of the Yugoslav tanning extract factories was founded as long ago as 1924. All five of the factories, excepting that at Sevnica, were seized by the Government after the recent war on grounds of collaboration of their owners with the Germans. The factory at Sevnica was nationalized in December 1946.
5. Under the regime of nationalization the production of the industry is controlled by the Government organization known as the Directorate for Chemical Industries. The industry's exports are controlled by the Government sales agency known as the Yugo Drvo.

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CLASSIFICATION

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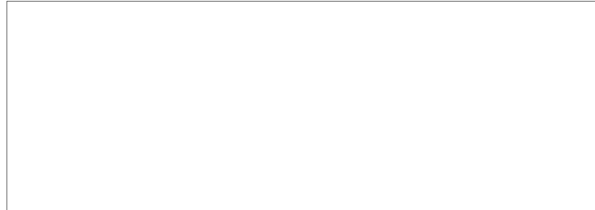
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7. An unwritten agreement existed before the war between Yugoslavia and the three other European tanning extract industries,  regarding the foreign markets to be supplied by each of them. The agreement was applied only during those periods when a large surplus was available for export. The shortage of tanning extract since the war has made a renewal of the agreement unnecessary up to the present time.

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8. An inferior substitute for the normal tanning extract is manufactured from pine bark with an admixture of chemicals in a small factory at Medove (sic) near Zagreb, and in a few other small factories mainly situated in Slovenia. The total of this production may be estimated as equal to about eight percent of the country's total production of normal tanning extract.

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